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CENTRAL INTELLIGENCE BULLETIN



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30 SEPTEMBER 1960

I. THE COMMUNIST BLOC

Khrushchev's interview with Tito shows he intends to determine bloc foreign policy regardless of Peiping's views.

①

Peiping reaffirms stand in Sino-Soviet dispute.

②

II. ASIA-AFRICA

Members of new petroleum organization planning to insist oil companies disregard price cuts in computing income tax.

③

Cypriot Communists benefiting from agricultural crisis.

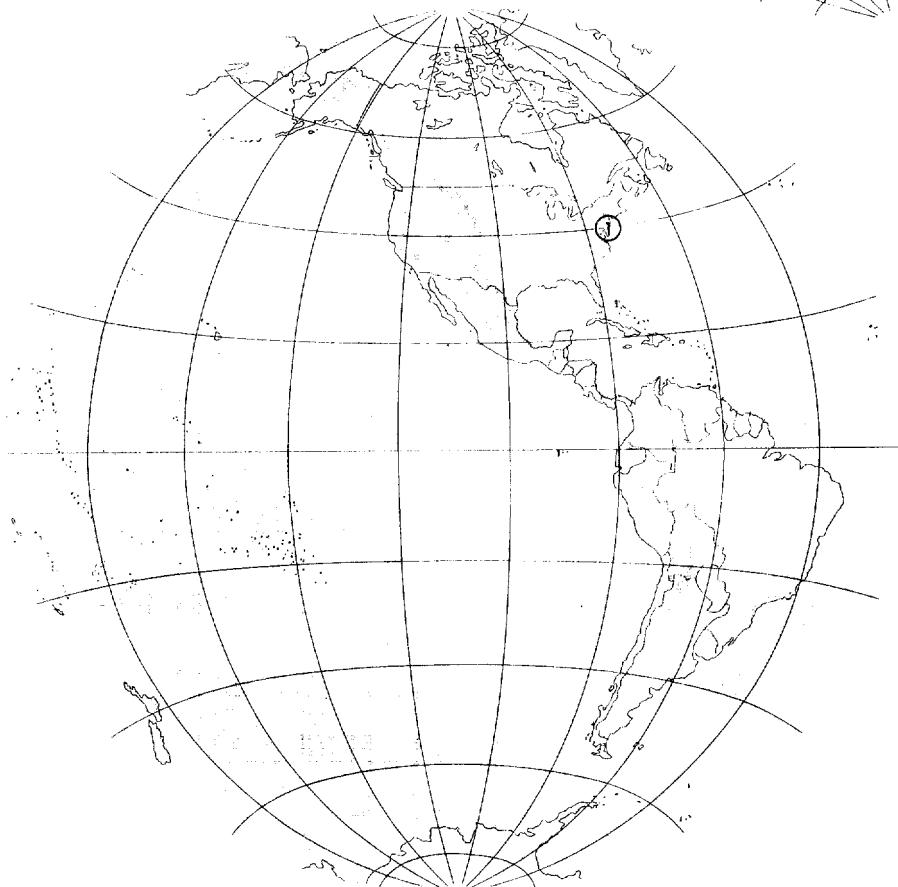
④

Congo--Anti-Lumumba forces prepare for round-table conference.

⑤

Situation in Laos.

⑥



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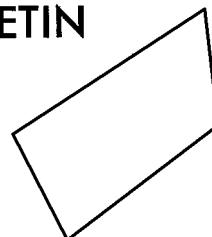
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CENTRAL INTELLIGENCE BULLETIN

30 September 1960



DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR-Yugoslavia-China: Khrushchev's statement following his two-hour meeting with Tito on 28 September that "we fully come to terms" and that "our viewpoints coincide or are very close" seems to have been made despite awareness that it would be offensive to the Chinese Communists, who have long directed their most abusive attacks against the Yugoslav regime. These demonstrative gestures toward Tito, while not a sign of an ideological rapprochement, have the effect of serving notice on the Chinese that Khrushchev is determined to set the course of bloc foreign policy regardless of Peiping's views. OK

*China-USSR: The Chinese Communist party's central committee, in a lengthy commentary on a new publication of Mao's works, has reaffirmed several of Peiping's most important positions in the Sino-Soviet dispute on world Communist strategy. The Chinese will probably take the same hard line in any talks with the Soviet and other Communist parties prior to the bloc conference in Moscow in November and at the conference itself. OK

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II. ASIA-AFRICA

Middle East Oil: Members of the Organization of Petroleum Exporting Countries (OPEC)--Saudi Arabia, Iraq, Kuwait, Iran, and Venezuela--are expected to demand that in calculating 1960 oil revenues the international oil companies operating in the Persian Gulf area disregard the August cuts in crude oil prices. Such a move would cost the companies well over OK

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\$100,000,000 this year. Saudi oil boss Tariki has told an official of the Arabian-American Oil Company that all oil companies operating in the Middle East will soon receive letters demanding that 1960 income taxes be computed on the basis of the pre-August prices. 25X1

OK

Cyprus: An agricultural crisis caused by three years of drought is presenting the Communists with new opportunities for political exploitation. The Cypriot Communists are winning increasing support among farmers, and the USSR recently offered "unconditional" economic assistance. 25X1

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*Republic of the Congo: Improved cooperation between President Kasavubu and the Mobutu interim government appears motivated by a mutual desire to forestall any seizure of power by Lumumba at the forthcoming political round-table conference. Mobutu has moved to publicize recent Ghanaian intervention on behalf of Lumumba through disclosure of a letter from Nkrumah to Lumumba which advised the Congolese leader on means by which he might consolidate his position. At the same time, Kasavubu has echoed Mobutu's demand--presently under UN consideration--for the withdrawal of Ghanaian and Guinean forces from the Congo, and has endorsed the legitimacy of the Mobutu government. While Foreign Minister Bomboko, who will attend the round-table conference, has professed confidence that Lumumba will not be permitted to regain power, there are indications that Lumumba's supporters hope to restore him to power under a new constitution. 25X1

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*Laos: Aggressive tactics by Vientiane forces threaten the highly tentative military agreement reached at Luang Prabang under the auspices of King Savang. General Phoumi has protested to the King both against attacks on his forward elements in central Laos in violation of the 28 September cease-fire and against the maneuvers which led to the switch in allegiance of the 2nd Military Region to Vientiane. A token force of Captain Kong Le's paratroopers reportedly participated with Pathet Lao guerrilla units in the takeover of Sam

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Neua town and airfield on 28 September. The Phoumi troops defending Sam Neua reportedly retreated southward, probably to Muong Peun.

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III. SIGNIFICANT INTELLIGENCE
REPORTS AND ESTIMATES

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(Available during the preceding week)

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Khrushchev-Tito Meetings Will Affront Chinese

Khrushchev's statement following his two-hour meeting with Tito on 28 September that "we have fully come to terms" and that "our viewpoints coincide or are very close" seems to have been a calculated gesture of contempt for the Chinese leaders, who have long directed their most abusive attacks against the Yugoslav regime. During the past year of bitter and open debate with the Soviet Union, the Chinese have often used Yugoslavia and the "revisionist views" of its leaders as a symbol behind which to mask their condemnations of Soviet policy. Khrushchev's demonstrative gestures toward Tito while in New York will serve further notice on the Chinese that the Soviet premier has no intention of making any concessions to Peiping's views.

It seems likely that Khrushchev's preoccupation with the dispute with Peiping played a part in his decision to make anti-colonialism the keystone of his UN position. His great emphasis on this issue seems at least partly intended to strengthen his hand in dealing with the Sino-Soviet dispute, in which the question of the correct policy to be pursued toward the uncommitted nations has figured prominently. Khrushchev may believe that his drive to reassert unquestioned Soviet ideological and political leadership of the bloc would be best advanced by portraying the USSR as the fervent champion of the "anti-imperialist forces."

Although Khrushchev's anticolonial pronouncements resemble the Chinese positions more than earlier Soviet statements on this issue, his ardent wooing of "bourgeois nationalists" and his four meetings with Tito indicate that the demand for the final liquidation of colonialism is not a response to Chinese pressure. In this respect, his attentions to Tito, whose declarations on colonialism, disarmament, and the Congo fit hand and glove with Khrushchev's own, are an obvious effort to bolster Soviet prestige with the "neutralists."

For his part, Tito probably believes that Yugoslavia's prestige as a leader of the "neutralist bloc" has been enhanced by his meetings with Khrushchev. Although Soviet-Yugoslav relations remain on a state-to-state level and no ideological rapprochement has been achieved, Tito probably also views the conferences as a breach in the bloc's isolation of Yugoslavia.

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Peiping Reaffirms Stand in Sino-Soviet Dispute

In the most substantial Chinese statement on disputed issues since the Bucharest meeting of Communist parties last June, the Chinese party's central committee has reaffirmed several of the most important of Peiping's positions in the Sino-Soviet dispute on world Communist strategy.

A lengthy commentary on the publication of the fourth volume of Mao Tse-tung's Selected Works (1945-49) warns against "illusions about imperialism," cites past Western peace "tricks," insists that peace can be achieved only through struggle, rebukes those who overestimate the strength of the enemy and underestimate the strength of revolutionary forces, and reiterates that imperialism is a "paper tiger." The commentary concludes that the volume is of "tremendous significance" for the current situation and will become a powerful weapon in "intensifying the struggle against imperialism and modern revisionism"--the latter phrase the Chinese description of Soviet policy.

In reaffirming that Mao's propositions were successful in the Chinese revolution, the Chinese party--contrary to some Western press interpretations--appears to be asserting that it has been right all along and that Soviet arguments have not persuaded it to change its views. While Mao may yet decide, owing to Soviet and world Communist pressure, that a nominal compromise with the Soviet party is necessary, it seems likely that the hard line taken in this central committee commentary will represent the Chinese party's position in any bilateral talks with the Soviet party and other parties prior to the November conclave of world Communist parties and at the conclave itself.

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Middle East Oil Price Cuts Rejected

In a move that could cost the international oil companies operating in the Persian Gulf well over \$100,000,000 this year, members of the newly formed Organization of Petroleum Exporting Countries (OPEC)--Kuwait, Saudi Arabia, Iraq, Iran, and Venezuela--have rejected the August price cuts which reduced oil prices by 4 to 14 cents a barrel. Saudi oil boss Abdullah Tariki told the chairman of the Arabian American Oil Company (ARAMCO) that his and other Middle East oil companies would soon receive a letter demanding the 1960 revenues be calculated on the basis of pre-August prices.

The formation of OPEC--announced in Baghdad on 14 September--is a collective effort of the member countries to halt the continued decline in oil prices. These countries have over 80 percent of the free world oil reserves and supply more than half of the petroleum moving in international trade. Eventually the organization will attempt to set up a system of world-wide "proration"--sharing of markets and fixing of prices, as well as controlling production.

Prospects for a successful prorationing scheme are remote, however, without the active cooperation of the oil companies and the major consumers, and neither group is likely to support OPEC aspirations. In addition the very competitive economic interests of the member states and their mutual distrust further mitigate against any scheme for controlling production.

The OPEC members can, however, agree on schemes against the oil companies. The OPEC members probably will remain firm in their refusal to "recognize" the August price cuts. The companies are expected to argue that market forces alone establish oil prices. In any event, their several concession agreements make no provision for government intervention in setting prices.

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Communists Seek to Exploit Cypriot Economic Crisis

Drought conditions prevailing in Cyprus for nearly three years have drastically curtailed production of cereals, resulted in a crisis for the large agricultural segment of the population, and presented the Communists with new opportunities for political exploitation. Should next winter's cereal crop fail, the situation will become critical, according to the American ambassador in Nicosia.

Between 1953 and 1958, wheat production averaged about 70,000 tons per year and barley production about 65,000 tons. In 1959, however, production of these two grains, Cyprus' major cereal crops, dropped some 20 percent, and a further drastic reduction occurred this year. The reduction in wheat production was due in part to the drought and in part to rust. As Cypriot demand for wheat runs from 80,000 to 100,000 tons a year, considerable quantities must be imported. The embassy estimates that Cyprus will need an additional 40,000 tons during the next few months.

With their funds exhausted and the banks and cooperatives refusing credit, the farmers have petitioned the government for relief. On 22 September, the cabinet approved a bill allocating approximately \$700,000 for distribution of seed and fertilizer.

Local Communists, acting through the left-wing Union of Cypriot Farmers, are having new successes in their campaign to win the support of the normally conservative rural population. During a recent visit to Cyprus, the Soviet ambassador to Greece promised economic aid without strings, and rumors circulating in Nicosia predict that the new Soviet ambassador to Cyprus, expected to arrive soon, will make a gift of several shiploads of grain.

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The Situation in the Congo

Improved cooperation between President Kasavubu and the Mobutu interim government appears motivated by a mutual desire to forestall any seizure of power by Lumumba at the forthcoming round-table conference of Congolese political leaders. Mobutu on 28 September released to the press four documents purportedly found among the effects of deposed premier Lumumba. Two were pleas for aid directed to Moscow and Peiping, while two others were letters to Lumumba from Ghanaian President Nkrumah describing tactical measures Lumumba should use to consolidate his position.

On 29 September, Kasavubu reiterated his support for the Mobutu regime with an announcement that it should be regarded as an official provisional government. Kasavubu added further that he supported Mobutu's demand that the UN secure the withdrawal of the Ghanaian and Guinean contingents in the

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Congo.

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Such efforts to isolate Lumumba from his outside supporters probably prompted the warning by a pro-Lumumba spokesman that the round-table conference could bring armed clashes between pro- and anti- Lumumba partisans. Foreign Minister Bomboko, who will attend the conference, has professed confidence that Lumumba will not be permitted to regain power.

the de-
posed premier plans to convene the Congolese parliament on 14 October and rush through it a pro-Lumumba constitution. Lumumba's supporters allege that Mobutu's 14 September suspension of parliament is legal only for 30 days, and that after that period parliament can reconvene on its own initiative.

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Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

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Commander in Chief, Pacific

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